



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
Second Regular Session

House: APPROP DP 8-5-0-0

HB 2861: environment; 2022-2023

**Sponsor: Representative Cobb (with permission of Committee on Rules), LD 5
Caucus & COW**

Overview

Contains provisions relating to the environment needed to implement the FY 2023 budget.

History

The Arizona Legislature adopts a budget for each fiscal year (FY) that contains general appropriations. [Article IV, Section 20, Part 2](#), Constitution of Arizona, requires the General Appropriations Act (feed bill) to contain only appropriations for the different state departments, state institutions, public schools and interest on public debt. Statutory changes necessary to reconcile the appropriations made in the feed bill and other changes are drafted into separate budget bills. These bills are prepared according to subject area.

Provisions

Water Infrastructure and Commerce Grant Fund (Sec. 1)

1. Establishes the Water Infrastructure and Commerce Grant Fund within the Arizona Commerce Authority (ACA), which consists of legislative appropriations, federal monies and private donations.
2. Allows fund monies to be used to provide grants to the following entities for contracting for the design and construction of water infrastructure at the entity's location:
 - a) An employer with more than 250 employees located in a county with a population of 400,000-1,000,000 people; or
 - b) A public service corporation that provides water service and acts on behalf of the employer described above.
3. Requires the ACA to:
 - a) Prescribe a form and procedure to apply for and approve grants; and
 - b) Establish requirements and criteria to award grants, which must include grants for projects that began in 2022, grants that are allocated and distributed by 2025 and allowing applicants to receive favorable consideration if they collaborate with other members and entities in the community.
4. Instructs the ACA, before awarding a grant, to prepare a written statement evaluating the direct economic impact of the grant and containing a finding that award grant is in the best interests of Arizona.
5. Requires the ACA to submit an annual report to the Joint Legislative Budget Committee by December 15 on fund monies expended by project and a plan for expending the remaining fund monies by project.
6. Directs the ACA's Chief Executive Officer to administer the fund.
7. Authorizes the ACA to retain up to 1% of fund monies annually to administer the fund.

8. Declares that fund monies are continuously appropriated and exempt from lapsing.

Direct Potable Reuse of Water (Sec. 3)

9. Instructs the Arizona Department of Environmental Quality (ADEQ) Director to, by December 31, 2024:
- a) Adopt all rules necessary to establish and implement a direct potable reuse of treated wastewater program; and
 - b) Establish permit fees in rule that are sufficient to administer this program.
10. Requires these permit monies to be deposited into the Water Quality Feed Fund.

Arizona Water Protection Fund Commission (Sec. 4)

11. Authorizes the Arizona Water Protection Fund Commission to grant to the Arizona Department of Water Resources up to \$336,000 of its fund's unobligated balance for administrative costs in FY 2023.

Underground Storage Tank Revolving Fund (Sec. 5)

12. Authorizes ADEQ to use up to \$6,531,000 from the Underground Storage Tank Revolving Fund in FY 2023 for its administrative costs and to remediate sewage discharge issues in Naco and other border areas of Arizona.

Arizona Navigable Stream Adjudication Commission (Sec. 6)

13. Allows monies appropriated to the Arizona Navigable Stream Adjudication Commission from the Arizona Water Banking Fund to be used for legal fees in FY 2023.

Water Quality Assurance Revolving Fund (WQARF) (Sec. 7)

14. Limits to \$15,000,000 the amount of corporate income tax monies transferred to WQARF in FY 2023.

Vehicle Emissions Testing (Sec. 8)

15. Directs ADEQ to charge vehicle emissions testing fees in FY 2023 that do not exceed the fees charged in FY 2022 for testing in Area A. (Sec. 5)
16. Exempts ADEQ from rulemaking requirements until July 1, 2023, for setting vehicle emissions testing fee.

Miscellaneous (Sec. 2)

17. Makes a conforming change.

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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